



## Montana Legislative Services Division

EXHIBIT 1  
DATE 04/10/07  
~~COMMITTEE STUDY~~  
RESOLUTION

PO BOX 201706  
Helena, MT 59620-1706  
(406) 444-3064  
FAX (406) 444-3036

### REQUESTER REVIEW OF CHANGES TO INITIAL BILL DRAFT

DATE: April 4, 2007  
TO: (H) State Administration Standing Committee  
FROM: Sheri Heffelfinger  
*Sheri*

Enclosed is a draft of LC2575, which I believe implements your changes to the request. After you have reviewed the draft, please immediately return the attached instruction letter to me or call me at 444-3596 with your instructions.

In accordance with ~~Legislative Council Rules of Procedure~~, if I have not received instructions from you by 5 p.m. on Friday, April 6, 2007, I will place the enclosed draft on hold or submit the draft for legal review by the Legislative Services Division.

After this draft has been submitted for legal review, you may request additional changes. However, after one redo, additional changes requested by you will result in the draft being moved to the bottom of my bill drafting priority list. An exception may be made for clerical errors only.

*For our next meeting.*

## INSTRUCTION LETTER FOR PROCESSING LC2575 AFTER REVIEW OF CHANGES

Deadline for notifying drafter with your instructions: **Friday, April 6, 2007**

TO: Sheri Heffelfinger  
FROM: (H) State Administration Standing Committee

I have received LC2575 for review of changes, along with its cover letter dated April 4, 2007.

Here are my instructions for processing LC2575:

- ☐ **PROCEED.** This draft is satisfactory as is. Please submit this draft for legal review by the Legislative Services Division now.
- ☐ **PROCEED AFTER MAKING THE ENCLOSED CHANGES.** Enclosed are changes that will make the draft satisfactory. Please submit this draft for legal review by the Legislative Services Division after making these changes.
- ☐ **MAKE THE ENCLOSED CHANGES--THEN RETURN TO ME.** Please return the draft (with changes made) to me for review.
- ☐ **PUT ON HOLD. I NEED MORE TIME TO REVIEW THIS DRAFT.** I have no changes to make at this time, but I need more time to determine what, if any, additional changes need to be made.
- ☐ **CANCEL THIS DRAFT REQUEST.**

Signature \_\_\_\_\_

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As of: April 4, 2007 (12:53pm)

LC2575

\*\*\*\* Joint Resolution No. \*\*\*\*

Introduced By \*\*\*\*\*

By Request of the House State Administration Standing Committee

A Joint Resolution of the Senate and the House of Representatives of the State of Montana requesting that the legislative council designate the state administration and veterans' affairs interim committee or assign sufficient staff resources to study public employee retirement systems and produce a legislator's guide on Montana's public employee retirement plans that includes comparisons of plan design and funding options and offers findings and recommendations.

WHEREAS, the invested assets of Montana's public employee retirement systems total about \$6.8 billion;

WHEREAS, the actuarial accrued liabilities of the retirement systems amount to \$7.8 billion;

WHEREAS, the excess actuarial unfunded liability has caused the teachers', public employees', and sheriffs' retirement systems to become actuarially unsound; and

WHEREAS, actuarial soundness is required by the Montana Constitution under Article VIII, Section 15, and Montana's current statutory law, section 19-2-409, MCA, interprets actuarial soundness to be actuarial funding sufficient to amortize system unfunded liabilities over 30 years or less; and

WHEREAS, to address the actuarial unsoundness of the teachers' retirement and public employees' retirement systems,

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the legislature is faced with the prospect of appropriating more than \$200 million in general fund money to the public employee pension trust funds; and

WHEREAS, the current structure and funding of Montana's public employee retirement plans is set by statute, making it the legislature's duty to ensure that statutory provisions reflect sound policy principles that balance considerations about actuarial soundness, employer objectives, employee retirement savings, and Montana's tax base; and

WHEREAS, previous legislatures and interim legislative committees have laid a foundation upon which this and the next legislature can continue to build; and

WHEREAS, the public employee retirement boards, directors, attorneys, and actuaries can assist the legislature by providing information, research, and analysis to evaluate strengths and weaknesses, identify alternatives, and make recommendations; and

WHEREAS, pursuant to section 5-5-228, MCA, the state administration and veterans' affairs interim committee is responsible for the legislative oversight of the public employee retirement plans; and

WHEREAS, a legislator's guide on Montana's retirement systems that is updated before each legislative session, pursuant to section 5-5-228(2)(g), and that may be briefed to legislators is a valuable resource that will assist Montana's legislature in making informed retirement policy and funding decisions.

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF

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REPRESENTATIVES OF THE STATE OF MONTANA:

That the Legislative Council be requested to assign the state administration and veterans' affairs interim committee, or direct sufficient staff resources to study public employee retirement systems and produce for the next legislature a legislator's guide, pursuant to 5-5-228(2)(g), that includes:

- (1) a brief history of Montana's retirement plans;
- (2) a concise summary of the rationale for the current retirement plan features of Montana's public employee retirement systems, including but not limited to vesting, early retirement, disability, postretirement benefit adjustments, postretirement earning limits, service purchase and rollover provisions, and benefit formulas;
- (3) an overview of and background on policy principles established by the state administration and veterans' affairs interim committee pursuant to 5-5-228(2)(b), the retirement boards, and the board of investments;
- (4) a review of current trends and best practices in public retirement plan design and funding, including a compilation of research and analysis comparing and contrasting options such as money purchase plans, cash balance plans, floor plans, pension equity plans, deferred retirement option plans, and other hybrid defined benefit and defined contribution retirement plans;
- (5) a comparison of Montana's public employee retirement systems with current trends and best practices, and identification of viable alternatives to current structure and funding;

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(6) a general analysis of the fiscal implications of potential plan design changes on employee and employer contributions, retirement savings, investment responsibilities, and funding obligations; and

(7) findings and recommendations, including recommendations from the teachers' retirement board, the public employees' retirement board, and the board of investments, on whether Montana's public employee retirement plans should be updated or changed, and if so, how, to best serve public employers, public employees, and all people of Montana.

BE IT FURTHER RESOLVED, that the public employees' retirement board, the teachers' retirement board, the board of investments and the national conference of state legislatures be requested to provide assistance and technical expertise in gathering and analyzing information, identifying and analyzing options, and developing findings and recommendations.

BE IT FURTHER RESOLVED, that, if deemed necessary by the state administration and veterans' affairs interim committee, the Legislative Council be requested to authorize the expenditure of interim committee resources for consulting services.

BE IT FURTHER RESOLVED, that if this study is assigned as a staff study rather than a committee study, the state administration and veterans' affairs interim committee provide guidance and oversight.

BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review requirements, be concluded by September 15, 2008.

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BE IT FURTHER RESOLVED, that informational briefings on the public employee retirement systems be made available to the next legislature.

- END -

{ Name : Sheri S. Heffelfinger  
Title : Research Analyst  
Agency: Legislative Services Division  
Phone : 444-3596  
E-Mail: sheffelfinger@mt.gov }